



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



September 30, 2013

The Honorable Board of Supervisors
County Of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**THE LOS ANGELES COUNTY SHERIFF'S DEPARTMENT'S
RESPONSE TO THE AUDITOR-CONTROLLER'S
REVENUE BILLING AND COLLECTIONS REVIEW REPORT**

The Auditor-Controller (AC) has completed its report of the Los Angeles County Sheriff's Department's (Department) billing and collection processes. For the period covered by the audit, Fiscal Year 2009-10, the Department billed approximately \$510 million for a variety of services to governmental and public agencies.

The Department is in general agreement with the report findings and has implemented or initiated corrective actions to address the recommendations in the report.

Attached is the Department's response to the AC's billing and collection review recommendations.

If there are questions regarding the Department's response, please contact Division Director Glen Dragovich at (323) 526-5191.

Sincerely,

LEROY D. BACA
SHERIFF

A Tradition of Service

AUDITOR-CONTROLLER'S BILLING AND COLLECTION REVIEW OF THE
SHERIFF'S DEPARTMENT

RECOMMENDATIONS AND SHERIFF'S DEPARTMENT RESPONSES

BILLINGS AND COLLECTIONS

INVOICE ACCURACY

RECOMMENDATION 1:

Sheriff's management ensure that Departmental Units provide the Special Accounts Unit with timely and accurate billing information.

Sheriff's Response to Recommendation 1: Agree

The Special Accounts Unit is preparing a memo to all unit commanders advising them of the importance of receiving timely and accurate information from their respective unit. The memo enforces both the timeliness and accuracy of information and suggests units establish a quality review section to reduce the potential for error.

RECOMMENDATION 2:

Sheriff's management ensure staff investigate the exceptions identified, and refund overpayments and/or recover the underpayments if appropriate.

Sheriff's Response to Recommendation 2: Agree

The Special Accounts Unit has performed a review of the Department's billing rates for various types of services, and where the incorrect rate was used, they will re-invoice the provider to recover the under billing. In addition, the Department will investigate the exceptions identified and take appropriate action.

INVOICE TIMELINESS

RECOMMENDATION 3:

Sheriff's management ensure staff bill for services as soon as possible.

Sheriff's Response to Recommendation 3: Agree

The Special Accounts Unit will ensure that billers process invoices at the earliest time frame allowed by the agreement terms.

PUBLIC ENTITY COLLECTIONS

RECOMMENDATION 4:

Sheriff's management ensure staff send Delinquent Account notices to public entities within 15 days after the due date.

Sheriff's Response to Recommendation 4: Agree

The Special Accounts Unit management have stressed to staff the importance of sending delinquent notices to public entities within the required 15 day time frame to reduce the outstanding Accounts Receivable days past due.

PRIVATE ENTITY COLLECTIONS

RECOMMENDATION 5:

Sheriff's management ensure that for all private entity delinquent accounts, staff make at least three collection attempts within 45 days after each invoice's due date and send delinquent receivables to the Treasurer and Tax Collector 60 days after the invoice's due date.

Sheriff's Response to Recommendation 5: Agree

The Special Accounts Unit developed a spreadsheet to track the number of collection attempts sent within the prescribed 45 day period after invoicing. The spreadsheet will be used as an indicator of aged Accounts Receivables' performance and act as a monitoring tool for delinquent accounts sent to the Treasurer and Tax Collector for additional collection effort.

LATE PAYMENT CHARGES

RECOMMENDATION 6:

Sheriff's management enforce late payment interest penalties for past due invoices when applicable.

Sheriff's Response to Recommendation 6: Agree

The Special Accounts Unit will enforce late payment interest penalties on contract providers that are untimely in processing payments, when applicable.

DEPOSITS AND RETAINER FEES

RECOMMENDATION 7:

Sheriff's management ensure that advance deposits and retainer fees are recorded into a trust/deferred revenue account and are only posted to an earned revenue account after the revenue is earned.

Sheriff's Response to Recommendation 7: Agree

The Special Accounts Unit now tracks advance deposits and retainer fees against their trust/deferred revenue account to ensure both deposits and fees are posted to revenue once earned.

RECOMMENDATION 8:

Sheriff's management correct the accounting errors that resulted from the early recognition of revenue for advance deposits/retainer fees.

Sheriff's Response to Recommendation 8: Agree

The Special Accounts Unit has made the appropriate adjustments to the accounting records from the premature recognition of revenue for advance payments and retainer fees.

YEAR-END ACCOUNTING

RECOMMENDATION 9:

Sheriff's management review current year receivables and take appropriate action prior to the fiscal year-end.

Sheriff's Response to Recommendation 9: Agree

The Special Accounts Unit conducts a review of its current year receivables to determine the collectability of the receivable and where necessary, writes down the receivable if it is deemed to be uncollectible.

ECAPS SECURITY

RECOMMENDATION 10:

Sheriff's management should correct the identified issues and periodically review the Department's eCAPS user list to ensure compliance with CFM requirements.

Sheriff's Response to Recommendation 10: Agree

The eCAPS Security Coordinator conducts quarterly reviews of accounting based user roles and procurement processing to ensure compliance with the Department's Internal Control Plan and CFM requirements.

DOCUMENTATION RETENTION

RECOMMENDATION 11:

Sheriff's management ensure that staff obtain all documentation that supports write-off and/or invoice charges, and retain the documentation for at least five years.

Sheriff's Response to Recommendation 11: Agree

The Special Accounts Unit has instituted procedures to ensure supporting documentation for write-offs and/or invoice charges is obtained and the documentation is retained for a minimum of five years.